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# IBTEX No. 119 of 2022 June 20, 2022

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# INTERNATIONAL NEWS

## Euro area's annual inflation up to 8.1% in May 2022

The euro area annual inflation rate was 8.1 per cent in May 2022, up from 7.4 per cent in April, according to Eurostat, the statistical office of the European Union (EU). A year earlier, the rate was 2 per cent. EU annual inflation was 8.8 per cent in May 2022, up from 8.1 per cent in April. A year earlier, the rate was 2.3 per cent.

The lowest annual rates were registered in France and Malta (both 5.8 per cent) and Finland (7.1 per cent). The highest annual rates were recorded in Estonia (20.1 per cent), Lithuania (18.5 per cent) and Latvia (16.8 per cent).

Compared with April, annual inflation fell in one Member State and rose in twenty-six. In May, the highest contribution to the annual euro area inflation rate came from energy (+3.87 percentage points, pp), followed by food, alcohol and tobacco (+1.59 pp), services (+1.46 pp) and non-energy industrial goods (+1.13 pp).

The euro area consists of Belgium, Germany, Estonia, Ireland, Greece, Spain, France, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Austria, Portugal, Slovenia, Slovakia and Finland, while the European Union includes Belgium, Bulgaria, Czechia, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, the Netherlands, Austria, Poland, Portugal, Romania, Slovenia, Slovakia, Finland and Sweden.

Source: fibre2fashion.com– Jun 18, 2022

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## Recovery expected in China despite US Fed rate hike: Experts

China has ample scope in monetary policy for a steady economic recovery in the second half of 2022, despite the latest US monetary tightening initiatives to control soaring inflation, according to experts, who recently said policy tools for China include reducing the amount of funds that lenders must keep as reserves and bringing down lending rates.

The possibility of any big move in the near future, however, could be low given the need to prevent capital outflows, they said.

Their comments came after the US Federal Reserve (Fed) increased interest rates by 75 basis points recently—the biggest rise since 1994—and aimed at stemming US inflation, which hit a four-decade high in May.

The experts said the Fed's tightening could intensify global financial volatility, drive capital further into the United States and put pressure on many central banks to raise interest rates themselves for the sake of preventing capital outflows and currency depreciation, official Chinese media reported.

Though China is not entirely immune to the spillover effects from the Fed's move, the country will be able to keep its own accommodative monetary stance, thanks to its mild inflation level and the relative stability of its currency, they said.

Channel Yeung, a market analyst at FXTM, said the Fed's tightening is unlikely to alter the stance of the People's Bank of China, the country's central bank, to strengthen support for the economy, citing the buffer provided by the relative attraction of renminbi-denominated assets.

With inflation staying mild in China, the country is expected to bring down market interest rates and loan prime rates-the market-based benchmark lending rates of the country-to facilitate an economic rebound, said Tommy Wu, lead economist at Oxford Economics.

Wu said that in the third quarter, it is possible the Peoples Bank of China (PBOC) will cut the policy interest rate, or the rate of the medium-term lending facility, and reduce the reserve requirement ratio, which refers to

the proportion of money lenders must hold as reserves. Those cuts should boost demand in the economy.

David Wang, chief China economist at Credit Suisse, said the Fed's rate hike will likely dampen US domestic demand and translate into weaker external demand for China.

In response, China should focus on using monetary and fiscal policies to boost domestic demand, continue to reduce regulatory uncertainty and avoid wide and prolonged disruptions to its supply chain, Wang added.

Source: fibre2fashion.com– Jun 19, 2022

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## US import of personal protective equipment declines in Jan-April

The import of personal protective equipment (PPE) by the US showed declining trend in the first four months of 2022. The import of PPE had registered strong growth since 2020 due to spread of COVID-19. But the import of glove, face masks and shield, gowns, disposable apparel, and disposable footwear registered a fall of up to 61 per cent till April 2022.

According to data from the Office of Textiles and Apparel (OTEXA), under the US department of commerce, import of seamless surgical and medical gloves of plastic declined by 53 per cent to 202.636 million dozen pairs during January-April 2022.

The import of disposable gloves of plastic slipped 61.2 per cent to 628.145 million dozen pairs in first four months of this year.

The US import of surgical or isolation gowns, flocked swabs of man-made fibre, disposable apparel, gloves seamless except disposable, and face masks also dropped up to 58 per cent during the period under discussion.

However, few types of drapes recorded growth in import. The US had imported personal protective equipment in large numbers during year 2020 and 2021 to fight COVID-19 pandemic.

Source: fibre2fashion.com– Jun 18, 2022

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# RCEP offers broader scope for cooperation with S Korea: China

The Regional Comprehensive Economic Partnership (RCEP) agreement offers broader room for China and South Korea to deepen economic and trade cooperation, according to Chinese commerce ministry spokesperson Shu Juetin.

The trade volume between the two countries rose by 10.2 per cent year on year in the first five months of this year to $152.26 billion.

"Given a fragile global economic recovery, the continued fast-growing China-ROK trade fully shows the resilience and potential in their economic and trade cooperation, serving the common interests and development needs of the two countries," Shu was quoted as saying by official Chinese media.

The RCEP agreement came into force on the first day of 2022.

Both the countries will implement the consensus reached by the leaders of the two countries, carry out the joint plan for economic and trade cooperation for the 2021-2025 period, unleash cooperation potential in new areas including green development and digital economy, push for the high-quality RCEP implementation, and further facilitate trade and investment, Shu said.

Bilateral trade surged to more than $360 billion in 2021 from over $5 billion in 1992.

Source: fibre2fashion.com – Jun 19, 2022

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# China's PPI for manufactured goods rose by 6.4% YoY in May

China's producer price index (PPI) for manufactured goods rose by 6.4 per cent year on year (YoY) in May this year and by 0.1 per cent month on month (MoM). The purchasing price of industrial products increased by 9.1 per cent YoY and by 0.5 per cent MoM. The prices of fuel and power increased by 31.6 per cent YoY and by 0.4 per cent MOM.

The prices of chemical raw materials rose by 10.5 per cent YoY in May and by 0.2 per cent MoM, according to official statistics.

From January to May, the producer price of industrial products increased by 8.1 per cent over the same period last year, and the purchasing price of industrial products increased by 10.8 per cent.

Prices in the raw material industry increased by 0.1 per cent, and those in the processing industry increased by 0.1 per cent.

Source: fibre2fashion.com – Jun 18, 2022

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## How the US' Xinjiang labour law has crippled China's cotton industry before even entering effect

With the next harvest a mere three months away, cotton mills in China's far west Xinjiang region are currently sitting on about 3 million tonnes of unsold inventory – a massive stockpile more than a million tonnes larger than it usually is this time of year.

That means more than half of the cotton harvested last autumn has yet to be sold.

"Xinjiang cotton used to be the most expensive cotton in the world. Now it has become the cheapest, and still no one buys it," said the owner of a cotton-ginning mill in southern Xinjiang, who spoke on condition of anonymity. "Now I would lose 2,000 yuan (US$300) selling each tonne of cotton."

This is owing to the impact of the Uygur Forced Labour Prevention Act – a United States law that effectively bans American imports of all products from Xinjiang unless conclusive evidence shows that no forced labour was involved in their production.

Even though the new law does not take effect until Tuesday, it is already having the intended effect on China's cotton and textile industry.

"Downstream clients, especially those focusing on foreign markets, basically dare not use [Xinjiang cotton] any more, so they won't buy," the mill owner said.

Forced-labour allegations started making international headlines three years ago in what is formally known as the Xinjiang Uygur autonomous region. And they emerged roughly a year into the US-China trade war that began under the administration of then-US president Donald Trump.

Since President Joe Biden signed the act into law in December, its looming presence has gradually taken a mounting toll on several industries in China.

Even though the law targets only Xinjiang, there's been a domino effect on global supply chains, with shock waves rippling through China's economy, which is already facing multiple headwinds.

Thus, the pain at a single cotton mill in southern Xinjiang is felt across China's entire textile industry.

And the far-reaching implications and uncertainties stemming from the new law will undoubtedly continue to cloud – or even fundamentally change – trade relations between the world's two largest economies, even as the Biden administration mulls the removal of some tariffs imposed on Chinese goods in an attempt to mitigate out-of-control inflation in the US that has ballooned to a 40-year high.

While Xinjiang does not export much raw cotton or yarn itself, most is consumed locally or sold to other provinces and then made into cloth, garments or other textile products for both domestic and overseas markets.

In 2021, Xinjiang's annual cotton output was 5.27 million tonnes, accounting for 91 per cent of the nation's total production, according to the China Cotton Association. Last year, 67 per cent of cotton consumed across the country was from Xinjiang.

"[Banning Xinjiang cotton] basically means choking the supply chain of China's textile industry," the cotton mill owner said.

Theoretically, US importers can still buy goods from Xinjiang, by providing the aforementioned evidence of no forced labour, but therein lies a bit of a catch-22. Since independent auditing is not available in the region, fulfilling such a requirement is virtually impossible, according to industry insiders such as Doug Barry, vice-president of communications and publications with the US-China Business Council.

"The law will essentially act as a trade embargo against goods with input from Xinjiang," Barry said.

For apparel exporters who want to continue doing business with the US, shifting to foreign cotton is a must. But the soaring price of imported cotton since the onset of the Ukraine war has also squeezed profits.

According to a survey by the China National Cotton Information Centre in early June, the rate of machines actually turned on at textile factories across the country was 79.7 per cent, a year-on-year decrease of 13.3 percentage points.

Meanwhile, with Southeast Asian countries resuming production capacities this year, avoiding Chinese suppliers has become much easier for US apparel importers, according to experts.

“Some [Chinese] companies have even lost up to 30 per cent of their orders,” said a report earlier this month by consulting firm Beijing Cotton Outlook. “According to corporate feedback, some major American apparel brands may no longer place orders from China in the future.”

Although the act theoretically applies only to exports to the US, the boycott from international garment brands has helped expand the law’s sphere of influence beyond US territories, said Tao Jingzhou, an international arbitrator who has practised in Beijing, Hong Kong and London.

“International brands all want to continue their business with the US,” Tao said.

For the world’s largest textile producer and exporter, the far-reaching impacts of the act should not be ignored, according to Liu Kaiming, a supply-chain specialist and founder of the Institute of Contemporary Observation think tank and action group dedicated to labour development and corporate social responsibility in China.

The value of China’s textile and apparel exports exceeded US$300 billion last year – accounting for nearly 10 per cent of all Chinese exports – with only US$30 billion to US$40 billion worth of raw materials needed to be imported, Liu added.

“In the textile and apparel export industry, the European and American markets bring considerable profits. If orders from Europe and the American market continue to contract, it means that China’s textile and apparel export enterprises will no longer be profitable,” Liu said. “It will just result in a growing number of Chinese enterprises reducing their production capacity or even shutting down.

“This has a huge and terrible impact on China.”

And while downstream manufacturers have been trying to adapt to the shift – such as by refining the raw-material procurement processes by using Xinjiang cotton entirely for domestic demand, and imported cotton for export orders – it is unlikely that the Chinese domestic market will be

able to absorb all of the excess capacity from Xinjiang, industry insiders said.

“The domestic market can consume only about 3 million tonnes [of cotton] each year, at most,” the Xinjiang cotton mill owner said.

That total is a little over half of the annual output of the region, and it’s nearly the same amount of unsold cotton taking up inventory space at Xinjiang cotton mills by the end of May – 3.3 million tonnes, according to figures from Beijing Cotton Outlook.

But while Xinjiang cotton has essentially been crippled by the US law, not all industries with supply chains in Xinjiang have been hit as hard, even as uncertainties and risks remain.

That includes China’s polysilicon industry. The shiny, high-purity form of silicon is what solar panels use to convert sunlight into electricity. In China, that industry is centred in Xinjiang, but it has still managed to maintain an upper hand in the supply chain, despite the new US law, because only a small portion of it goes to the US.

“For the whole [polysilicon] industry, raw-material supplies have been a seller’s market for the past of couple years, and it will stay this way for at least three to five years,” according to a source at one of China’s largest producers of solar panel parts, who spoke on condition of anonymity.

“So, the impact [of the act] on companies’ profits is nonexistent, let alone affects the companies’ survival.”

China accounted for 75.3 per cent of global polysilicon production in 2021, according to the China Nonferrous Metals Industry Association.

Xinjiang’s abundant mineral and solar resources, as well as vast stretches of uninhabited land, make it the ideal location for the solar panel industry, and almost half of the world’s polysilicon can be traced back to the region. And given that the US solar industry still remains reliant on China for supplies, many producers of those supplies have already started to circumvent risks by locating new capacities outside Xinjiang, while existing facilities in the region look to focus on supplying the domestic market, according to Dennis Ip, an energy analyst at Daiwa Capital Markets Hong Kong.

Some major Chinese producers of polysilicon, such as Xinte Energy and Daqo New Energy, which own Xinjiang-based manufacturing plants, are investing billions of yuan in new projects in China's Inner Mongolia autonomous region, according to public records.

However, even if the polysilicon is not sourced from Xinjiang, imports of solar products from China remain at risk of being subject to detention by US customs, as the sourcing information is hard to verify, according to operational guidance for importers that was released by US Customs and Border Protection last week.

The potential risks have prompted some American companies in the solar industry to pay tens of thousands of dollars for relevant consulting work and traceability audits, noted a supply-chain-traceability expert on condition of anonymity.

In the first quarter of the year, the top export destinations of Chinese solar modules were the Netherlands, India and Brazil, according to a report by the China Chamber of Commerce for Import and Export of Machinery and Electronic Products.

But with European Commission lawmakers also debating a similar ban, the uncertainties swirling within China's polysilicon industry remain considerable.

"European [solar] companies are also really wary of this," said the traceability expert. "I had a lot of clients say to me, 'we know we're not importing into the US, but let's act like we are, just so we are reaching the highest barriers and hurdles, in terms of regulations, so we know we can comply with that'. Because there might be a chance of something similar happening in the European Union."

What about US trade tariffs?

Outside of what is happening with Xinjiang, there could be a glimmer of hope at the end of the tunnel for Chinese and US traders who find themselves at the mercy of political manoeuvring and trade-policy adjustments.

With the Biden administration desperate to curb decades-high inflation, one step in that direction could involve Washington lifting trade tariffs imposed on Chinese goods during the nearly four-year trade war between the two sides.

The benefits of lifting such tariffs would be far from able to offset the impact of the new Xinjiang law, but there are still upsides to doing so.

“The clamouring to remove some of the tariffs is growing louder,” said Barry with the US-China Business Council. “If they are lifted, China should reciprocate, perhaps creating the opportunity for high-level discussions about trade and other issues. Official communication channels [between Washington and Beijing] seem to consist primarily of diplomats yelling talking points at each other. Now’s the time to resume serious, pragmatic dialogue.”

Eric Zheng, president of the American Chamber of Commerce in Shanghai, said removing the tariffs would benefit both countries. “American consumers would have access to more affordable products from China, and Chinese exporters would be able to reduce their costs,” Zheng said.

Among those keen on seeing the tariffs removed is footwear producer Wang Jie. He said he has long felt powerless as a small trader in what has become a drawn-out tug of war between China and the US. The geopolitical tensions, he added, have been overwhelming at times.

Wang expanded the production capacity of his factory last year, but his business has been struggling in the last couple of months, losing orders to Vietnam. “I certainly hope that the tariffs can be lowered,” Wang said. “Then it means we again have an absolute advantage over Vietnam – orders will not leave China.

“But we can only react passively to all of the changes, whether they be tariffs brought by the trade war, or shifting of orders brought by international relations.”

Source: scmp.com – Jun 19, 2022

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## Mauritius, Madagascar to develop synergy to boost textile exports

Mauritius and Madagascar, both island nations in the Indian Ocean, are looking to synergise their capacities to boost textile exports. Recently, ministers of both countries emphasised that their countries are not competitors and should complement each other in the textile business. Both nations have strong ties in textile and other sectors.

A Malagasy delegation of industry representatives and officials recently visited Mauritius to discuss various issues to boost their trade and commerce activities. Following a meeting with the delegation in Port Louis, Mauritian minister of international trade, Alan Ganoo, said that there is a need to further strengthen the bilateral cooperation between the two nations, more so given the current global situation.

He observed that the two countries are not competitors but are rather complementary and it is therefore necessary to continue to develop the existing synergy at the level of industrialisation and textile. Under a Memorandum of Understanding signed in 2019, Madagascar has made available to Mauritius some 80 hectares of land in Moramanga for the setting-up of a textile centre.

Mauritius had exported apparel worth $357.668 million to the world during April 2021-March 2022. The annual export of home textiles was $6.312 million in the same period.

Apparel export from Mauritius was $99.189 million in fourth quarter 2021 and $112.678 million in third quarter 2021. Quarterly export of home textiles from Mauritius was between $1-2 million since fourth quarter 2020, according to Fibre2Fashion's market insight tool TexPro.

Madagascar had exported apparel worth $838.141 million during April 2021-March 2022. The US, France, South Africa, Germany and United Kingdom were the top five geographies for the export. Madagascar had exported 75 per cent of its apparels to these countries. The export of home textiles was $6.052 million in the same period, as per TexPro.

Source: fibre2fashion.com – Jun 19, 2022

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## Sri Lanka shows sign of recovery, garment export up 13.7% Jan-Apr 2022

Sri Lanka has given a sign of recovery from economic crisis through better exports in April 2022. Garment exports from Sri Lanka stood at $1,769.9 million in January-April 2022 registering an increase of 13.7 per cent over exports of $1,556 million in the same period of previous year, according to the statistics released by the Central Bank of Sri Lanka.

Sri Lankan textile exports increased by 13.3 per cent year-on-year to $112.2 million during the same period. However, exports of other made-up textile articles stood at $42.6 million during January-April 2022, registering a decline of 4.3 per cent year-on-year, according to the central bank's report 'External Sector Performance – April 2022'.

Textiles and garments exports accounted for 56.32 per cent of all industrial exports from Sri Lanka during the four-month period, the report showed.

Imports of textiles and textile articles rose by 23.8 per cent to $1,161.7 million, while clothing and accessories imports were up by 25.3 per cent to $93.9 million during January-April 2022.

During the month of April 2022, Garments export increased 21.5 per cent to $409.3 million. The export of textiles rose 37 per cent to $28.2 million from the same period of last year. While exports of other made-up textile articles up 19.7 per cent to $10.2 million in the same period. The export of garment, textiles and other made-up articles had registered declining trend March 2022 due to economic crisis and political unrest.

Source: fibre2fashion.com – Jun 18, 2022

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## Vietnam looking to build maritime economic centres by 2030

Vietnam's ministry of planning and investment has sought the Prime Minister's approval for a project to develop three to four maritime economic centres till 2030. The southern province of Ba Ria-Vung Tau and the southeast part of Ho Chi Minh City, and the Hai Phong-Quang Ninh region have been proposed as the locations for the maritime centres.

The project also entails forming maritime clusters in advantageous coastal regions. The country aims to establish 7 such clusters by 2030, according to Vietnamese media reports.

The maritime economic regions will prioritise seaports and logistics services. The regions of the country housing these centres are expected to have an economic growth higher by at least 1.2 times the national average.

Source: fibre2fashion.com– Jun 18, 2022

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## Pakistan: Large industries grow 10.7%

The Pakistan Bureau of Statistics (PBS) on Thursday released the data but did not give the breakdown of three main sources of LSM data, further compromising transparency.

Fingers have already been pointed at the PBS that in recent weeks has allegedly manipulated the inflation figures by reporting the wheat flour price at Rs980 per 20 kg across Punjab.

PBS stated that the sugar, cigarette, textile and chemical sectors contributed positively to the LSM sector, which kept growth in double digits.

The annual increase in LSM was recorded at 15.4% in April over a year ago, as a low base impact also helped in keeping the growth rate high. However, on a month-on-month basis, the growth rate slumped 13.3% in April over the preceding month.

The coalition government has decided to revive the stalled International Monetary Fund (IMF) programme and has announced plans to implement tight fiscal and monetary policies.

Excluding the expenditure on interest payments and defence, the government has either allowed a nominal increase or cut the expenditure in many areas for the next fiscal year.

The Pakistan Business Council (PBC) on Thursday suggested to the central bank to avoid a further increase in interest rate, arguing that the higher fuel cost and devaluation of the rupee was sufficient to dampen demand.

The higher fuel cost and devaluation of the rupee would have a significant demand dampening effect. Therefore, "further increase in policy rate is unnecessary," said the PBC in a tweet.

It added that higher rates would cause the risk of loan impairment, besides raising the government's debt servicing cost.

Banks still expect the central bank to raise the interest rate in the next month's monetary policy announcement. They gave the government

Rs732 billion in the T-bills auction for a three-month period at a rate of 15.25% compared to the policy rate of 13.75%.

The cut-off yield on three-month treasury bills remained unchanged at 15.25% and banks gave Rs732 billion in loans for three months against the government's target of Rs250 billion. But they showed little interest in six-month and one-year treasury papers.

The federal government has estimated a budget deficit of Rs4.6 trillion in the next fiscal year, which appears to be on the lower side and there are chances of slippages.

After the ban on borrowing from the central bank, the government is now heavily dependent on commercial banks to remain afloat.

The previous government had targeted 4.8% economic growth for the current fiscal year while the provisional results showed that the growth stood higher at 6% - an outcome of expansionary fiscal and monetary policies.

PBS omitted details of the three main sources of LSM data collection. Earlier, it used to give a bifurcated summary of the data collected by the Oil Companies Advisory Council (OCAC), Ministry of Industries and provincial Bureaus of Statistics. This table is now missing from the summary.

Chief Statistician Dr Naeemul Zafar was not available for comments.

The industries that posted growth in the first 10 months (July-April) of the current fiscal year included textile, which registered a 3.7% expansion in the index. Textile is the largest sector in the LSM index, having 18.2% weight.

The production of apparel wear increased 41% while the output of food industry rose 11% during the period under review. Beverages sector's production grew marginally by 1.5%.

Coke and petroleum products' output grew over 1% while the chemicals' output rose 8.3%, according to the national data collecting agency.

The output of the automobile sector increased 48% while the iron and steel sector saw a growth of 16.3%. The manufacturing of leather products rose 1.6%.

The paper and board sector grew 8.2% and the production of wood products expanded 135% but their weight is very low in the overall index, having little impact on the growth rate.

Three sectors remained in the red during the July-April period. These were rubber products whose output decreased 19%, transport equipment which shrank 11% and minerals which contracted slightly during the current fiscal year.

Source: tribune.com.pk– Jun 17, 2022

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## Pakistan: Weekly Cotton Review: Stability in market after fluctuations

Pakistan Yarn Merchants Association seeks to address budget deficiencies. A new summary of fixing the support price of Phutti at Rs 7000 was presented in Economic Coordination Committee. There was uncertainty among ginners as government is continuously neglecting matters relating to sales tax.

The local cotton market remained generally stable after fluctuations in cotton prices. The price of cotton remained relatively stable during the first three days of the week due to limited supply of cotton compared to the purchase of cotton by textile mills. Later, after the Finance Minister announced increase in the prices of petroleum products, the textile mills took a cautious stance while the ginners started making offers at lower prices due to fear of further reduction in the price of cotton.

The price of cotton decreased by Rs 300 to Rs 500 per maund. However the price of Phutti also decreased. Later on Friday evening, the flow started rising again as the ginners were oversold due to which they were completing the earlier deals. The supply of Phutti is increasing in Sindh province while the supply of Phutti is partially increasing in Punjab. The textile sector says that in the days to come, the government will increase the prices of petrol, electricity and gas, adding that rising dollar will increase uncertainty and increase production costs. Textile mills are buying cotton very cautiously as the cotton yarn parity is almost out of proportion. On the other hand, it will be very expensive to keep more stock of cotton due to increase in interest rates.

The dollar's appreciation has made it even harder to import cotton from abroad. There is severe financial crisis in the market. Payments of goods are being delayed and there is a lot of uncertainty in the market.

According to the textile sector circles, there is a lack of new orders from foreign countries. Many buyers are also being accused of deviating from the agreements. In addition to shipment issues, many buyers are delaying delivery due to which demerge is also taking place. There are rumours that many mills have reduced production and retrenched workers.

Sometime ago, cotton looms were working in full capacity; however, now, they are closing their operations because there is no businesses. When somebody talks to industrialists and traders regarding businesses they said don't talk about business but talk about something else. They are very much worried because of the economic uncertainty. Many industrialists are worried that they've imported billions of dollars worth of new machinery and what will be its future.

The textile sector is complaining that government has completely ignored them. Government has not announced any incentives for them in the federal budget but it has made it more difficult to run the industry by raising energy prices. The ginners are also complaining that their sector has also been neglected in the budget.

International cotton markets; however, continued to fluctuate.

About 5000 bales are being produced daily in Sindh province. Their price is in between Rs 20500 to 21000 per maund. Some 4 to 5 ginning factories have started running partially. The rate of Phutti is in between Rs 9000 to Rs 9500 per 40 kg. The rate of Khal and Banola remained stable. The partial arrival of Phutti from Balochistan has started.

The spot rate committee of Karachi Cotton Association has reduced the spot rate of cotton for the new season 2022-23 by Rs 200 per maund and closed it at Rs 20,600 per maund. Before that spot rate was announced on July 1 but this year it is announced 15 days earlier due to increase in supply of cotton.

Naseem Usman, Chairman, Karachi Cotton Brokers Forum, said that the price of cotton is fluctuating in the international cotton markets. The Rate of Future Trading of New York Cotton after decreasing from 146.50 cents closed at 143 cents. According to the USDA's weekly export and sales report 26,500 bales of 2021-22 were sold which is 90 percent less as compared to previous week. China topped the list with 7,300 bales. Pakistan came second with 4,900 bales. Vietnam came in third with 4,600 bales.

Some 3 lakh 80 thousand 200 bales for the year 2022-23 were sold. China topped the list with more than three lakh sixty thousand bales, followed by Vietnam with 11,400 bales.

The Economic Coordination Committee (ECC) of the Cabinet will fix the minimum support price for cotton at Rs7,000 in the next meeting, said Federal Minister for National Food Security and Research Tariq Bashir Cheema.

After the 18th constitutional amendment, agriculture is a provincial subject and the federal government has no interference in the sector, said the minister while briefing the Senate Standing Committee on National Food Security and Research which met with Syed Muzafar Hussain Shah in the chair here on Wednesday.

The committee was given a briefing regarding cotton production and support prices. The ministry officials informed the committee that at present, the price of cotton in the open market is around Rs12,000 per maund. The committee observed that there is an institutional system in the country regarding fixing the support price of cotton.

The committee recommended that the Ministry of National Food should determine the correct procedure for fixing the support price of cotton, estimate the cost of production per acre and fix the price in consultation with all stakeholders.

The Committee also recommended for formation of a Cotton Board in the Ministry of National Food including provincial food departments, cotton and seed officials and other joint ventures.

Briefing the committee, the federal minister said that the Rs7,000 support price of cotton will be approved in the next ECC. He further said that funding from international organizations and institutions is being spent by the federal government on provinces.

After the 18th Amendment, it was realized that food security was a federal matter. Ministry of National Food Security was formed after the 18th amendment keeping in view the food security issues, said Cheema, adding that the ministry was formed four months after the 18th Amendment. We have food security, not agriculture issue, said the minister adding that unfortunately, everyone asks them about agriculture.

After petroleum, Pakistan's biggest import bill is for food items, said the minister, adding that the Khyber-Pakhtunkhwa government is doing zero procurement of wheat.

An agreement has been reached between the federation and agriculture secretary Khyber-Pakhtunkhwa on wheat procurement, said the minister, adding that the federation is buying wheat in the KP and giving it to the province. If we still do not take sensible decisions, we will not be able to manage food security, he added.

Water reserves are dwindling, said the minister, adding that previous governments gave packages for agriculture, but unfortunately they did not reach the farmers.

“We are also under pressure from Afghanistan regarding food security, due to the Ukraine-Russia war”, said Cheema, adding that according to a 2006 survey, 90 percent of the farmers in Punjab own 12 acres of land. There is no big farmer and they are further being burdened by imposing various duties, said the minister.

He urged for setting up a commission to look into the “agriculture matters” and let the truth be told and the blame game be stopped. The cause of declining agriculture is not one, but there are many issues. The government should subsidize farmers to go for solar, he added.

Cotton has been replaced by maize and rice, said the minister, adding that it is wrong to say that cotton cultivation is declining due to sugarcane.

The committee sought details on the budget allocation received by the Ministry of National Food. Further, the parliamentary panel asked for submitting details of the budget received and used by the ministry and related departments.

However, Jawed Yunus Tabba, CEO, Lucky Textile Mills said, “Heimtextil is the one opportunity, we have each year to meet our regular customers from Europe and from around the world on one platform. We are very excited to be a part of the first Heimtextil edition after the pandemic and most of our buyers have already confirmed meetings.”

Over 2000 exhibitors (combined with co–located events) are participating in Heimtextil, Techtextil and Texprocess 2022. Heimtextil Summer Special, Techtextil and Texprocess open their doors in Frankfurt from 21 to 24 June. After the Corona-related break, exhibitors and visitors are looking forward to personal interaction. Over 120 exhibitors from Pakistan will be present at the three shows in June.

Pakistan will have direct exhibitors such as Lucky Textile Mills, Sadaqat Limited, Gohar Textile Mills, Nishat Chunian, Nishat Mills, Adamjee Enterprises, Master Textile and Sapphire Finishing, as well as a national pavilion organized by Trade Development Authority Government of Pakistan.

ACS Textiles, Momtex Expo Limited, Noman Terry Towel Mills, Zaber & Zubair Fabrics and many more from Bangladesh will showcase their products.

Khurram Mukhtar CEO, Sadaqat Limited said, “Heimtextil is the perfect platform for showcasing our vast design potential. It’s also the ideal place to meet with our customers and introduce them to the latest trends. We are looking forward to meeting our customers after the span of a pandemic and having a fresh start.”

Techtextil promises a wide variety and breadth of product offerings as well as innovative strength on the part of suppliers – from carmakers, fashion designers, and medical technology specialists to industrial specialists. Exhibitors at Techtextil offer innovative materials for all requirements.

Sustainability is a theme that runs through all sectors of the textile value chain, triggering processes and releasing enormous innovative power in the process that’s why it is being given emphasis. Denim Future Lab: The denim production of the future in hall 8.0, the future of the Denim industry will be spotlighted.

The Denim Future Lab highlights the industry’s innovative approaches and presents advancements along many stages of the Denim processing chain.

At Texprocess, international manufacturers will showcase the latest machinery, equipment, processes and technologies for garment manufacturing and textile and flexible materials – ranging from design, cutting, sewing, knitting and embroidery to finishing, IT and logistics. Next edition of Heimtextil will be held from 10–13 January, 2023.

Separately, Coordinator Federation of Pakistan Chambers of Commerce and Industry Talat Sohail termed the budget as balanced in difficult economic conditions and expressed his concerns over cotton. Finance Minister mentioned crops like sunflower, canola, etc., but unfortunately

did not mention cotton. However, cotton contains 60% cotton seed which produces edible oil. The increase in cotton production is due not only to cotton lint but also to edible oil. In the budget proposals, we had demanded abolition of taxes on cotton seed oil, cotton seed and oil cake. This can lead to difficulties and obstacles in increasing cotton production.

Several ministers, including the finance minister, supported our demand but did not even mention it in the budget, he said.

Only increase in cotton production can lead to appreciation of rupee, reduction of unemployment and stabilization of economy, he said.

Saqib Naseem, Chairman Pakistan Yarn Merchants Association (PYMA), and Muhammad Junaid Teli, Vice Chairman, Sindh & Balochistan region, have drawn attention of Minister for Finance & Revenue, Miftah Ismail over anomalies in federal budget 2022-23.

They elaborated that polyester filament yarn (HS Code 5402.3300, 5402.4600, 5402.4700 and 5402.5200), also known as manmade yarn, is the basic raw material for Pakistan's textile industry. The share of cotton in global fibre consumption has fallen from nearly 70 percent back in 1960, to only 27 percent by end-2020. Its place has now been captured by synthetic or man-made yarns.

"A very large SME sector of Pakistan's textile industry (more than 500,000 looms and knitting machines) consumes polyester filament yarn. The commercial importers of polyester filament yarn act as financiers to this SME sector and entertain the requirements of this SME sector using their own capital and resources", they said.

Saqib Naseem and Junaid Teli added that we have seen in the past that whenever the difference in WHT is more than one percent on commercial imports v/s industrial import, majority imports of polyester filament yarn shift towards industrial imports which leads to corruption and misuse of this facility and to the exchequer.

They further said that polyester filament yarn falls under the category of raw materials (SRO 1125) and in the previous budget FY 2021-22, the government imposed WHT at import stage one percent for industrial importers and two percent on commercial. However, in the federal budget 2022-23, the government has kept WHT at one percent for industrial

imports falling under SRO 1125 whereas commercial importers shall be charged WHT at 3.5 percent with MTR and at 4 percent with FTR. Polyester filament yarn tariff already exists in the cascading system of polyester value chain and it is already on the higher side.

They urged Minister for Finance & Revenue, Miftah Ismail to kindly continue with two percent WHT with FTR on commercial imports on items falling under SRO 1125. Furthermore, in view of information from reliable sources, it has been learned that the government may impose ACD & RD on polyester filament yarn (HS Code: 5402.3300, 5402.4600, 5402.4700 & 5402.5200.

“Since these are basic raw materials of the textile industry, therefore we are requesting you not to impose any ACD and RD on these HS Codes. We would also request you to rationalize Customs duty tariff of Poy (5402.4600) & Polyester Filament Drawn Yarn (PFDY) at seven percent instead of present 11 percent.”

Source: tribune.com.pk– Jun 17, 2022

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## Pakistan: Prices firm on cotton market amid slow trading activity

Cotton Analyst Naseem Usman told that rate of cotton in Sindh is in between Rs 20,800 to Rs 21,000 per maund. The rate of cotton in Punjab is in between Rs 20,500 to Rs 22000 per maund.

1200 bales of Tando Adam were sold at Rs 20,700 to Rs 20,900 per maund, 400 bales of Shahdad Pur were sold at Rs 20,700 to Rs 20,800 per maund, 400 bales of Sanghar were sold at Rs 20,600 to Rs 20,750 per maund, 400 bales of Hyderabad were sold at Rs 20,600 to Rs 20,800 per maund and 100 bales of Burewala were sold at Rs 21500 per maund

The Kappas of Winder was available at Rs 9500 to Rs 9550 per 40 Kg. The rate of Phutti of Sakran was in between Rs 9500 to Rs 9600 per 40 Kg. The rate of New Kappas of Vehari was in between Rs 9500 to Rs 10,200, rate of Kappas of Mian Channu was in between Rs 9600 to Rs 10,000, rate of Kappas of Khanpur was Rs 8890 while Kappas of Chichawatni was Rs 9600 to Rs 10,000 Kappas was Rs 9400 to Rs 10,600.

Textile and clothing exports grew 28.26 per cent year-on-year to $17.62 billion in the first 11 months of this fiscal year (11MFY22), mainly on the back of a massive depreciation in the rupee's value and a steady rise in global demand. According to data released by the Pakistan Bureau of Statistics (PBS) on Friday, the year-on-year growth rate in May was 56.02pc, the highest monthly growth rate.

The PBS data showed that ready-made garment exports jumped 30.63pc in value and 49.70pc in quantity during July-May, while the exports of knitwear edged up 36.44pc in value but dipped 4.34pc in quantity. Bedwear exports grew by 21.68pc in value and 15.19pc in quantity. Towel exports were up by 21.66pc in value and 7.17pc in quantity, whereas those of cotton cloth rose by 26.81pc in value and 7.14pc in quantity.

Among primary commodities, cotton yarn exports increased by 24.18pc, and those of yarn made from material other than cotton increased by 109.68pc.

The exports of made-up articles excluding towels rose by 15.19pc, while those of tents, canvas, and tarpaulin dipped by 2.16pc during the period

under review. During the review period, the export of art, silk, and synthetic textiles increased by 29.36pc.
Textile machinery imports increased 47.24pc year-on-year to $722.605 million in July-May, reflecting textile industry expansion or modernisation.

To bridge the shortfall in the domestic sector, the industry imported raw cotton in July-May value, which posted an increase of 25.28pc, while the import value of synthetic fibre posted a growth of 19.29pc, followed by the import of synthetic and artificial silk yarn, which posted a gain of 28.80pc during the months under review.

In 11MFY22, imports of used clothing increased by 46.90pc compared to the same period last year. During the 11-month period, the country's overall exports posted a year-on-year growth of around 27.90pc to reach $28.87bn up from $22.57bn in the same period last year. The government has projected a target of $31bn for 2021-22.

The government has already unveiled a textile and apparel policy last month with various measures to promote production as well as quality of textiles and clothing. In the budget 2021-22, the government drastically reduced duties and taxes on the imports of several hundred raw materials to bring down the input cost of exportable products. Liquidity issues were also resolved to a considerable extent by the timely release of refunds, customs rebates and the payment of cash subsidies.

Saqib Naseem, Chairman Pakistan Yarn Merchants Association (PYMA), and Muhammad Junaid Teli, Vice Chairman, Sindh & Balochistan region, have drawn attention of Minister for Finance & Revenue, Miftah Ismail over anomalies in federal budget 2022-23.

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this SME sector and entertain the requirements of this SME sector using their own capital and resources", they said.

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They further said that polyester filament yarn falls under the category of raw materials (SRO 1125) and in the previous budget FY 2021-22, the government imposed WHT at import stage one percent for industrial importers and two percent on commercial.

However, in the federal budget 2022-23, the government has kept WHT at one percent for industrial imports falling under SRO 1125 whereas commercial importers shall be charged WHT at 3.5 percent with MTR and at 4 percent with FTR. Polyester filament yarn tariff already exists in the cascading system of polyester value chain and it is already on the higher side.

Saqib Naseem, Junaid Teli urged Minister for Finance & Revenue, Miftah Ismail to kindly continue with two percent WHT with FTR on commercial imports on items falling under SRO 1125. Furthermore, in view of information from reliable sources, it has been learned that the government may impose ACD & RD on polyester filament yarn (HS Code: 5402.3300, 5402.4600, 5402.4700 & 5402.5200).

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The Spot Rate of new cotton remained unchanged at Rs 20,600 per maund. The Polyester Fiber was available at Rs 310 per kg.

Source: brecorder.com– Jun 19, 2022

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# Bangladesh regulators approve introduction of 2 Bt cotton varieties

Bangladesh regulators recently agreed to introduce the transgenic Bt cotton in the country. With low yields, the country's homegrown cotton varieties produce only 3 tonnes of cotton per hectare. Two Bt varieties that the regulators have initially approved will would yield over 4 tonnes per hectare. Farmers will save costs on pesticides against bollworm too.

The Bangladesh National Technical Committee on Crop Biotechnology (BNTCCB), at a recent meeting, gave the go-ahead for two Bt cotton varieties, both sourced from the Hyderabad-based Indian company JK Agri Genetics.

Bangladesh has to pay up to $5 billion annually to import cotton, a key raw material for the apparel industry. The US Department of Agriculture recently projected that Bangladesh would have to import nearly 9 million bales of cotton in 2022-23 against a paltry domestic production of 155,000 bales.

Once introduced, Bt cotton will be Bangladesh's second genetically-engineered crop after Bt brinjal was introduced in 2013. The approval of another such product–vitamin A-enriched golden rice–has been pending with regulators for the past four years.

The Cotton Development Board's (CDB) field experiments found that farmers would earn over Tk 100,000 more from each hectare of Bt cotton compared to their earnings from the cultivation of traditional varieties, Bangla media reported.

Source: fibre2fashion.com– Jun 19, 2022

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# NATIONAL NEWS

## India, EU trade pact to help unleash significant untapped potential: Goyal

With India and the European Union (EU) formally resuming negotiations for proposed agreements on trade, investments and geographical indications (GI), Commerce and Industry Minister Piyush Goyal has said implementation of these pacts would help unleash the significant untapped potential for enhancing economic ties between the two regions.

India and the EU on June 17 formally resumed negotiations on the proposed agreements, after a gap of over eight years. Goyal said they were here to relaunch the negotiations for a fair, equitable and balanced free trade agreement (FTA) between the EU and India.

“We have our teams in place...It will further strengthen our relations. Our bilateral trade has grown significantly in the last few months...There is a significant untapped potential which we will hope to unleash with the execution of these three agreements — trade , investment and GIs,” he told reporters here.

India had started negotiations for a trade pact, dubbed the Bilateral Trade and Investment Agreement (BTIA), with the 27-country economic bloc in 2007, but the talks stalled in 2013 as both sides failed to reach an agreement on key issues, including customs duties on automobiles and spirits, and the movement of professionals. Asked about the key demands from the Indian side, Goyal said India wishes to engage with the world on modern products and look at areas where it can gain in terms of new technology and investments.

“All cards are on the table and we are coming with an open heart and an open mind... Agreements do not have to always be about gain or demands, I think agreements also have to be which is good for both negotiating teams and for the people,” he said.

He added that there was a time when India was “super sensitive” on issues like gender and sustainability, but in the last few years, the country has demonstrated to the world “very deep commitment on these subjects”.

"We are looking at technology, we are looking at long term larger finance and low cost in order to transition much faster on the sustainable side," he added. European Commission Executive Vice-President Valdis Dombrovskis said both sides are aiming for an ambitious and comprehensive FTA.

When asked about the major demands of the EU on automobile, wines and sustainability issues, he said, "According to WTO (World Trade Organisation) standards, these kinds of agreements have to cover essentially all trade. There can be some specific exemptions…As regards sustainability, I will say no modern agreement in the EU is possible without ambitious trade and sustainable development chapters." These chapters typically cover issues related to employment, broader environment, human and labour rights, he added.

"The next round of negotiations will take place from June 27 till July 1 in New Delhi. We are pursuing an ambitious timeline and we aim to conclude the talks by the end of 2023," Dombrovskis said. The EU and India are already major trading partners, with an annual trade of 120 billion Euros. The EU is India's third largest trade partner, accounting for almost 11 per cent of Indian trade in 2021. India is the EU's 10th most important trading partner, accounting for just over 2 per cent of EU trade in 2021. This relatively small share of overall EU trade in goods points to a large untapped potential, he added.

India's merchandise exports to EU member countries stood at about USD 65 billion in 2021-22, while imports aggregated to USD 51.4 billion. A GI is primarily an agricultural, natural or a manufactured product (handicrafts and industrial goods) originating from a definite geographical territory.

Typically, such a name conveys an assurance of quality and distinctiveness, which is essentially attributable to the place of its origin. The famous goods which carry this tag include Basmati rice, Darjeeling tea, Chanderi fabric, Mysore silk, Kullu shawl, Kangra tea, Thanjavur paintings, Allahabad surkha, Farrukhabad prints, Lucknow zardozi and Kashmir walnut wood carving.

Source: financialexpress.com– Jun 18, 2022

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# CAI cuts cotton crop estimate for 2021-22 on lower yield, crop damages

*Seeks extension in window for duty-free import shipments till December 31, 2022*

Ahmedabad, June 18 Lower yield, unseasonal rains during the initial months of harvest coupled with the reduced acreage has led the cotton trade body, Cotton Association of India (CAI) to reduce its crop estimate to 315.32 lakh bales (each of 170 kg) for the season 2021-22. The latest crop estimate is about 12 per cent lower from its first estimate of 360.13 lakh bales at the start of the season in October 2021.

Speaking to Businessline, Atul Ganatra, President, CAI said, "The unseasonal rains in October 2021 caused damages to the crop. The yield has taken a hit because of that. Also, the sowing was less therefore there is a reduction in the crop estimates."

States that are impacted

CAI's May estimate for cotton crop of 2021-22 showed maximum impact in Gujarat (-4.24 lakh bales), Maharashtra (-2.46 lakh bales) and Telangana (-2.5 lakh bales). Also, the Centre's third advance estimates released in May 2022 projected reduction in crop size to 315.43 lakh bales, 13 per cent lower than first estimate of 362.19 lakh bales.

Amidst reduced cotton output estimates and surging prices, the trade bodies have also requested the Centre for extension in the window for duty-free import of cotton from September 30, 2022 to December 31, 2022.

Imports

On imports, Ganatra stated that the import shipments have slowed down due to uncertainty on duty relaxations. The imports are likely to be at 15 lakh bales, of which about 7 lakh bales have already arrived at the Indian ports.

CAI along with the Confederation of Indian Textile Industry (CITI) last week requested the Union Textiles Ministry for an extension in the shipment window for duty-free import of cotton.

The textile players have already cut down their production by about 20-30 per cent owing to the cotton shortage and unviable cotton prices in the domestic market. The reduction in crop estimates is not likely to impact the prices as the consumption has also taken a hit amidst already higher prices. The ginned cotton prices quoted at ₹1,00,000 per candy (356 kg) for 29 mm variety in the spot markets.

"The average monthly consumption which was about 29 lakh bales, has reduced to 22.5 lakh bales in June. And it is further on a decline. In our earlier estimates, we projected total cotton consumption at 350 lakh bales, which has now been reduced to 315 lakh bales," he said.

The trade expects the consumption to further fall to about 305 lakh bales in coming four months as the mills continue to face uncertainty on supplies, quality and price of the cotton.

As per CAI estimates, of the projected crop size of 315 lakh bales, about 288 lakh bales or 91 per cent crop has arrived in the markets so far. CAI expects the Tamil Nadu summer crop arrivals to begin from June, July and August.

Source: thehindubusinessline.com– Jun 18, 2022

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# Raw material price hike pinch India's textiles, apparel exports in 2022-23

After seeing a rise of 41 per cent in India's textiles and apparel exports to $44.4 billion in 2021-22, the increase in cotton and yarn prices is leading to a demand drop of at least 10 per cent so far during the current financial year, say industry sources.

According to Wazir Textile Index, almost all the top companies in the sector – including Welspun, Vardhman, Arvind, Trident, KPR Mills, Indo Count, RSWM, Filatex, Nahar Spg, and Indorama – saw an increase in sales during the last financial year. Industry bodies say that this demand has declined during the first two months of the financial year.

"Last year's rise in exports was owing to pent-up demand in the US and Europe and China Plus One Policy followed by several countries. Factories in India were also not much affected by the pandemic last year. Even the unlisted companies have performed well.

This year, demand has slowed down as raw material prices are too high," said Narendra Goenka, chairman of the Apparel Export Promotion Council (AEPC). The industry body is of the view that the sector is seeing a demand drop of at least 10 per cent during the first two months of the fiscal, compared to the same time in 2021-22.

Among the companies, Welspun saw a 13 per cent increase in sales, Vardhman around 60 per cent, Arvind around 65 per cent, and Trident nearly 54 per cent rise in sales in 2021-22, compared to the pandemic-hit 2020-21.

During the last financial year, the majority of the rise came from the United States, which contributed to 27 per cent of India's textiles and apparel exports, followed by 18 per cent by the European Union, 12 per cent by Bangladesh, and 6 per cent by UAE.

The price of cotton in India had more than doubled to cross Rs 100,000 mark per candy during the current financial year, leading to an increase in yarn prices too. Industry bodies had approached the government seeking a ban on the futures trading of cotton and restrictions on cotton and yarn exports.

"The crisis due to the rise in raw material prices is evident this year and hence, it may not be the same as last year. Those who had large stocks of cotton or yarn taken at old rates will still benefit from this current rise," said Sanjay Kumar Jain of Delhi-based TT Ltd, which has its main manufacturing unit at Tiruppur in Tamil Nadu.

AEPC also blamed the Ukraine crisis that resulted in a rise in energy prices as one of the major reasons for the dip in demand from the US and Europe this year.

According to the media reports, new garment companies from countries like the Czech Republic, Egypt, Greece, Jordan, Mexico, Spain, Turkey, Panama, and South Africa have started negotiating with the Indian companies following the lockdown in China. However, industry players say such orders are minimal compared to last year.

Source: business-standard.com– Jun 19, 2022

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## Widening trade deficit: Prospects are for a doubling of current account deficit in FY23

India's trade deficit widened to record levels in April-May this fiscal—thanks to skyrocketing oil and commodity prices triggered by the war in Ukraine—which will pressure the current account. This is the broadest measure of India's goods and services transactions with the rest of the world.

Although India's exports rose by 25%, imports surged even higher, by 45%, when compared to April-May FY22. The deficit thus more than doubled to $45 billion, although it is much less at $27 billion if both goods and services are taken into account. Even the latter marks a five-fold increase from a year earlier.

The burgeoning deficit stems from costlier oil prices—the average crude basket was up by two-thirds to $106.24 per barrel from a year before—with serious consequences for the country that imports 85% of its requirements. A rule of thumb is that every increase in global oil prices by $10 a barrel raises the current account deficit by $9-10 billion. The deficit is expected to double in FY23 to 3.1% of GDP according to Fitch Ratings, financing of which could be worrisome if net inflows of foreign direct investments and portfolio investments are not at expected levels. But India has ample forex reserves.

The most efficacious policy response to deal with widening trade imbalances is to maintain an open and unrestrictive trade policy, as has been underscored by former chief economic advisor Shankar Acharya in his influential writings. That is a challenge in today's environment when protectionism is in the ascendant, and countries are tempted to resort to bans on exports to shore up domestic availability and cool down inflation. There has also been a significant hike in India's imports tariffs since FY15, which impacts trade expansion.

The noteworthy strides the country made toward a more liberal trade regime since the early 1990s was reflected in a steady rise in the share of good and services trade in GDP that peaked at 55.7% in FY13. Since then, and especially since FY15, this has declined, reaching a low of 40% in FY20.

The pandemic led to substantial declines in both exports and imports, followed by a sharp rebound in FY22 when the share of trade in GDP rose to 44%. Sustaining this uptrend should be a policy priority and entails phasing out the tariffs increases since FY15, among other measures.

On the export front, India has pushed ambitious targets; there is also a higher level of ambition in inking deep free trade agreements in contrast to the earlier ambivalence regarding their benefits. A comprehensive economic partnership agreement with the UAE and an economic cooperation and trade agreement with Australia have been recently signed. Several other deals are currently under negotiation.

India has also recently decided to join the US-led Indo-Pacific Economic Framework, along with 12 other countries, marking its return to that region after exiting from the Sino-centric Regional Comprehensive Economic Partnership.

All of this is to be welcomed as it opens up the prospect of India participating in global supply chains. But it calls for tariff reform as India's duties are much higher than its current and prospective FTA partners. While India should be mindful of past experience, negotiations entail a process of give and take, all of which is facilitated by a more open and unrestrictive trade policy. That is indeed the way forward.

Source: financialexpress.com– Jun 20, 2022

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# India's trading partners—US, China account for a fifth of merchandise trade

India's trade deficit with China was the largest in FY22. It was equivalent to 40 percent of the trade deficit for the year

India's foreign trade in merchandise goods rose sharply in 2021-22 with exports growing 44.6 percent and imports by 55.3 percent. The total value of merchandise trade crossed the $1 trillion mark for the first time as exports rose to $422 billion and imports to $613 billion. Trade grew even though it was beset with multiple challenges including broken supply chains, shortage of containers and delays at ports.

The rise in trade, with imports outpacing exports, also led to a deterioration in India's trade balance. The trade deficit climbed, inching past the 2012-13 peak by a tiny margin.

The deterioration in the trade balance in that year was led by a jump in petroleum crude and gold imports bills. In FY 2022, the growth in exports and imports was led by a sharp rise in commodity prices as demand shot up when economies emerged after months of lockdown.

Here we look at trade data for 2021-22 published by the commerce ministry to visualise the flow of India's imports and exports for key trade partners.

India's favoured trade partners

India exports to 240 nations and jurisdictions and imports from 229. But trade flows with the US and China are the most significant.

Over a fifth of India's external merchandise trade in 2021-22 was with the US and China. The US wrestled back the top slot that it had lost to China the previous year, but the difference was just about $4 billion.

India's export to the US and imports from there grew about 50 percent from a year ago, while imports from China grew about 45 percent, notwithstanding some anti-China sentiments. Exports to China stayed flat.

Among the top trading partners, bilateral trade in goods with Australia experienced the sharpest growth, both exports and imports doubled during the year. Yet, Australia accounts for just 2.4 percent of the value of goods traded between the two countries.

India's imports from oil-exporting countries also reported a sharp jump due to the elevated prices of crude petroleum. Imports from Saudi Arabia, Kuwait, Oman and Iraq more than doubled, while those from the United Arab Emirates and Qatar climbed nearly 70 percent.

Jump in the trade deficit

India's trade deficit jumped about 85.8 percent to $190 billion in 2021-22. The largest trade deficit was with China, estimated at $72.9 billion. That was equivalent to 40 percent of the trade deficit for the year. India's imports from China include electronic components, computer hardware, telecom instrument (mostly mobile phones), organic and other chemicals and machinery. The trade deficit with six oil-exporting countries—Iraq, Saudi Arabia, United Arab Emirates, Qatar, Kuwait and Oman—was equivalent to half of the total deficit.

Is the rising trade deficit worrisome?

India's current account deficit is expected to rise to a three-year high of more than $40 billion in 2021-22, given the sharp rise in the merchandise trade deficit. India had reported a current account surplus in the pandemic year as the value of imports fell, helped in part by the decline in crude oil prices.

The merchandise trade deficit is one of the key components of the current account balance. Other components include net earnings from trade in services, net income on investments and net of workers' remittances. As long as earnings from trade in services and workers' remittances are robust, it will offset some part of the merchandise trade deficit. However, soaring prices of crude oil and other commodities can further widen the trade deficit and pressure the rupee to depreciate further.

Source: moneycontrol.com– Jun 20, 2022

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# Karnataka farmers eye more cotton, oilseeds, pulses this Kharif season

Farmers in Karnataka are seen bringing in more area cotton, pulses and oilseeds this Kharif planting season. Acreages under cotton and sunflower have doubled till June 10, while pulses such as tur and green gram have increased as Kharif sowing is seen gaining pace.

Total acreages under the Kharif crop stood at 12.97 lakh ha till June 10, an increase of 10 per cent compared to 11.73 lakh ha in the same period last year, according to the Karnataka Agriculture Department. The state has received 99 per cent more rains during the January-May period, while the overall precipitation showed a deficit of 19 per cent in the first ten days of this year's monsoon season.

Till the end of May, about 3.18 lakh hectares were sown in districts like Chamarajanagar, Mandya, Hassan, Chikkamagalur, Tumkur, Koppal, Ramanagar, Mysuru and Chitradurga with crops such as jowar, greengram, blackgram, cowpea, sesamum, sunflower and cotton among others. This was ahead of the targeted 2.80 lakh ha for the period.

Cotton acreages stood at 1.21 lakh hectares as of June 10 compared to 0.59 lakh ha in the same period last year. In several parts of Karnataka, including Chamrajanagar, Haveri and Gadag districts, the long-staple variety of cotton is planted early in the season, where farmers have brought in more area under the fibre crop.

Contrary to the expectations, the area under pulses is seen rising in the state, with total acreages increasing to 3.33 lakh ha compared to 2.66 lakh ha. Tur has been planted in some 0.67 lakh ha as compared to 0.48 lakh ha. Similarly, greengram has been planted in 1.82 lakh ha (1.39 lakh ha). However, the black gram area has reduced marginally to 0.27 lakh ha ( 0.30 lakh ha).

Maize acreages stood at 2.02 lakh ha (2.11 lakh ha), while the overall area under cereals crop stood lower at 2.70 (3.78 lakh ha)

Among oilseeds, farmers are seen showing an increasing preference for sunflower and soyabean. The acreages under sunflower has almost doubled to 0.57 lakh ha as compared to 0.29 lakh ha, while soyabean

acreages have increased to 0.47 lakh ha (0.36 lakh ha). Groundnut has been planted in 0.26 lakh ha, the same as last year.

Sugarcane acreages have been a tad lower at 3.54 lakh ha compared to 3.66 lakh ha, while the tobacco area has increased to 0.71 lakh ha (0.64 lakh ha).

Karnataka has set a cereals production target of 97.61 lakh tonnes from an area of 35.98 lakh ha. For pulses, the acreage target is 22.77 lakh ha and production of 17.19 lakh tonnes. The state is targetting oilseeds acreage of 9.37 lakh ha and for cotton, some 7.28 lakh ha.

Source: thehindubusinessline.com– Jun 19, 2022

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# Greater Noida: Expo mart to host jewellery & textile fairs for three days from today

The Greater Noida Expo Mart will host two fairs from June 20-22. The 16th edition of the Indian Fashion Jewellery and Accessories Fair (IFJAS) and the 67th edition of the India International Garment Fair (IIGF) will be held at the mart on these days.

While over 150 exhibitors from across the country are expected to participate in the IFJAS, the IIGF will have over 400 domestic exporters of garments to around 1,500 buyers overseas.

IIGF has been approved by the state government under its one district one product scheme and the Centre as well. Piyush Goyal, the Union minister for textiles, consumer affairs, food and public distribution and commerce and industry, will inaugurate the event on Monday.

Officials said the jewellery fair, organised by the Export Promotion Council for Handicrafts (EPCH), would be held on the first and second floors of the mart. It will showcase products in fashion jewellery and accessories, belts and wallets, handbags and purses, fashion accessories, head and hair gears, stoles, scarves and shawls, among others. Some of the highlights expected at the fair are thematic fashion jewellery displays from UP, West Bengal, Delhi, Rajasthan, Maharashtra, Telangana, Tamil Nadu, Puducherry, Assam, Manipur and Nagaland.

“The exports of fashion jewellery and accessories was worth Rs 1,908.5 crore last year, a growth of 24.2% over the previous year,” said Rakesh Kumar, the director-general at EPCH.

Kumar added that the garment fair would be held simultaneously. “This is an apparel exclusive show by AEPC and the display complements the product profile at IFJAS, giving the visiting buyers an opportunity for crossover sourcing. Since garments and fashion accessories -- and on many occasions fashion jewellery too, are displayed alongside, allowing consumers to complete ‘the look’, the concurrence will be advantageous for buyers and exhibitors of both the shows as they can explore new market linkages for growth and expansion,” said Kumar.

According to him, the buyers are expected to be from the US, the UK, Germany, Japan, Canada, France, Russia, Dubai, Australia, New Zealand, Australia and so on.

The three-day garment fair, organised by the Apparel Export Promotion Council (AEPC), would be held on the ground floor and is likely to be one of the biggest in Asia, claimed Lalit Thukral, the chairman of IIGF.

According to Thukral, many buyers are expected to come to the fair for the first time.

“India has signed FTA with Australia and the UAE. As a result of this, more and more apparel buyers are coming from these countries to IIGF. Some of the bid stores who have confirmed their visits are Lulu Group International, UAE, Apparel Group, UAE, Rage Distribution, South Africa, Lizzard Sruf, South Africa, Hotel Shop, Mexico, among others,” he added.

Source: timesofindia.com– Jun 20, 2022

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# Odisha signs agreement to skill 10,000 women SHG members in apparel sector

In a bid to promote entrepreneurship among women through the formation of Micro Enterprises of Mission Shakti SHGs, the Department of Mission Shakti, Odisha in collaboration with Apparel Made-ups and Home Furnishing Sector Skill Council (AMHSSC), New Delhi has signed an agreement to launch an initiative for skill development of 10,000 Mission Shakti SHG members on apparel manufacturing.

This initiative has been titled "Skill-based training of Mission Shakti Women Self Help Group Members as Sewing Machine Operators". "The initiative will ensure the generation of skilled manpower in the apparel sector, provide self-employment opportunities across the state and create organized micro-enterprises in the local apparel industry through active participation of skilled Mission Shakti SHG members," said a statement from the Department.

Under the unique livelihood convergence model of Mission Shakti, SHGs/PGs have been engaged in stitching and supply of uniforms for pre-schools, schools and other academic institutions. This historic decision of the State Government under the current collaboration with AMHSSC, aims at improving the livelihood opportunities of 10,000 SHG members through skilling on market-focused skills and entrepreneurship promotion on apparel.

"This intervention will enhance the abilities of SHG members with basic tailoring skills to a higher level of tailoring in order to increase market employability. This will further equip SHGs/ Producer Groups (PGs) with the necessary skills and opportunities for year-round engagement in order to ensure the long-term viability of tailoring units led by SHGs/PGs," it said.

As per the department, the project is set to be executed over the course of 18 months. Post-training, AMHSSC will assist the SHG members in establishing their tailoring units and offer necessary handholding support. AMHSSC will also facilitate strategic and feasible industry partnerships with the apparel sector under this collaboration.

Source: business-standard.com– Jun 19, 2022

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